Securities Investors Association (Singapore)
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Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: Metro Holdings Limited

Stock code: M01

Meeting details:
Date: 29 July 2021
Time: 11.00 a.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

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Q1. As noted on page 1 of the annual report, the group has a strategy to diversify across countries, sectors and asset classes for resilient growth. The group aims to build strong relationships with partners, leveraging its rich retail experience and strong foothold in the core markets to capture opportunities globally.

In FY2021, the group broke new ground with strategic investments into Purpose-Built Student Accommodation ("PBSA") and Industrial/Logistics Real Estate sectors in Singapore, as well as deepening its presence in Australia.

(i) **Can the board help shareholders understand the investment criteria, hurdle rate and/or the yield required in the board approval process? What is the target return on shareholders' funds?** In the financial highlights (page 52), it can be seen that the returns in the past two years were about 2.1-2.4%. The average ten-year return, from FY2012 to FY2021, is 7.12% per annum.

(ii) **How has the pandemic affected the group's investment criteria and the pace of expansion?**

(iii) **In addition, what is the expected returns from the recent investment into Boustead Industrial Fund's portfolio of 14 industrial, business park, high-spec industrial and logistics properties in Singapore?**

(iv) **What is the long-term capital allocation target by geography and by asset class?** On page 4, the group has listed its key markets of Singapore, the People's Republic of China ("PRC"), Indonesia, the United Kingdom ("UK") and Australia. The group has exposure in commercial, retail, residential, mixed-use development, student accommodation and logistics & industrial properties.

(v) As shown on page 51, the group has $910 million invested in associates, out of total assets of $2.3 billion. **What is the level of influence and control over the associates, and hence management's ability to contribute and value-add to the associates?**

(vi) **In addition, how does the board maintain proper oversight, including ensuring the adequacy and effectiveness of the associates' risk management and for them to maintain a sound system of internal controls framework (including financial, operational and management systems)?**

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Q2. Can the board/management provide shareholders with greater clarity on the following operational and financial matters? Specifically:

(i) **Online retail:** It is noted that Metro's retail arm serves customers through 2 Metro department stores in Singapore, as well as via online channels (through Metro Online, LazMall, Shopee Mall and Amazon.com). It was reiterated in the annual report that the group's online retail business continues to be operational despite the heightened social distancing measures implemented by the government. **How successful is the group's own online channel (Metro Online) and on the third-party platforms? How much of the retail revenue can be attributed to these online channels?**

(ii) **Boustead Industrial Fund: Can the board/management confirm it is only a passive investor (or a financial investor) in the fund, with no ability to value-add in the operations? What is the board's experience in valuing industrial, business park, high-spec industrial and logistics properties?**

(iii) **The Crest: Has the group recognised all the revenue from The Crest?** The Crest is a residential development at Prince Charles Crescent, jointly developed with Wing Tai Holdings Limited since late 2012. **What is the ROI of the entire project since inception?**

(iv) **Indonesia: What is the sale progress for the group's residential projects in Bekasi and Bintaro, Jakarta?** The group has topped off the five 32-storey residential towers at Bekasi and one of the two towers at Bintaro. **Can management help shareholders better understand the sentiments on the ground given that Indonesia is experiencing a surge in the number of COVID-19 infections?**

(v) **Leasing: Can management help shareholders understand its in-house property management and leasing expertise?** For instance, the occupancy rate at Asia Green was described as "high". While the committed occupancy as at 31 March 2021 was 88.9%, the actual occupancy rate was 78.1% as at 31 March 2021 (2020: 88.6%). **What are the challenges to lease out the vacant spaces?**

(vi) **Capital structure:** The group has total borrowings of $524.1 million, including a $200 million unsecured fixed rate note issued under its $1 billion multicurrency debt issuance programme that bears interest rate of 4.30% per annum (page 133). On the other hand, the group has cash and cash equivalents amounting to $425.7 million (page 132). **Has the board evaluated the group's capital structure and are there ways to improve its working capital? How is management actively managing the group's currency risks?** The group has significant cash holdings and receivables denominated in Indonesia rupiah (pages 132 & 133).

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Q3. The board comprises eight directors, including Mr Ng Ee Peng who was appointed on 13 April 2021. Six directors, including the chairman, are deemed independent.

As at 31 March 2021, four independent directors, namely Mr Phua Bah Lee, Lt-Gen (Retd) Winston Choo Wee Leong, Mrs Fang Ai Lian and Mr Tan Soo Khoon, have served on the board for more than nine years from the date of their respective first appointment. The directors were first appointed on 5 October 1993, 18 June 2007, 16 July 2008 and 9 December 2011 respectively.

Mr Phua Bah Lee, who has served for more than 27 years, including playing an integral role in the group's China entry, will be retiring at the conclusion of the AGM, and will continue to provide management oversight as Senior Advisor.

(i) **Can the board elaborate further on the roles, responsibilities and deliverables of a senior advisor? What is the scope of "management oversight"?**

In addition, other than Mr Phua Bah Lee, the other three long-tenured non-executive directors will be seeking shareholders' two-tier vote on their continued appointment as independent directors. The board has stated that it seeks to strike an appropriate balance between tenure of service, continuity of experience and refreshment of the board.

(ii) **What deliberations did the nominating committee have on the progressive renewal of the board? (Principle 4 of the Code of Corporate Governance 2018)**

^On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so. On 9 April 2021, it was announced that the alternate arrangements for meetings ("Meetings Order") would be extend beyond 30 June 2021 until it is revoked or amended by the Ministry of Law. Accordingly, until such time, issuers may continue to utilise the Checklist issued by ACRA, MAS and SGX RegCo to guide entities on the conduct of their general meetings.

^ Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation (https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation)

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Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

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